

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MILO & GABBY, LLC and KAREN
KELLER, an individual,

Plaintiffs,

V.

AMAZON.COM, INC.,

Defendant.

CASE NO. C13-1932 RSM

ORDER GRANTING
DEFENDANT'S MOTION TO
DISMISS FOR FAILURE TO STATE
A CLAIM IN PART

I. INTRODUCTION

17 This matter is before the Court upon Defendant's Motion to Dismiss, In Part pursuant to
18 Fed. R. Civ. P. 12(b)(6). Dkt. # 8. Defendant Amzon.com, Inc. ("Amazon") asks the Court to
19 dismiss Plaintiffs' claims for unfair competition, right of publicity, trademark counterfeiting, and
20 indirect patent and copyright infringement. Having considered the parties' memoranda and the
21 relevant law, the Court grants Amazon's motion to dismiss Claims III, V, and VII of the
22 Complaint with leave to amend. Plaintiffs' request for relief seeking redress for inducement,
23 willful, or contributory infringement is stricken, and Plaintiffs are ordered to show cause why
24 FAC System, LLC should not be joined as a necessary party.

II. BACKGROUND

2 Plaintiffs make the following factual allegations. Plaintiff Milo & Gabby, LLC is a
3 Washington State limited liability company that designs and sells animal-shaped pillow cases,
4 among other accessories and bedding products. Plaintiff Karen Keller and her husband are the
5 founders and product designers of Milo & Gabby, LLC (“Milo & Gabby”). Dkt. #1, ¶ 7. The
6 couple’s four children and two family pets inspired the Kellers to create the Cozy Companion
7 Pillowcases product line for Milo & Gabby. The line consists of eight animal shaped pillowcases
8 that function as a combination of a pillow and a stuffed animal.

9 Plaintiffs are the authors and owners of various U.S. Copyrights and U.S. Design Patents.
10 On September 11, 2007, the Milo & Gabby design mark was registered with the U.S. Patent and
11 Trademark Office and was assigned U.S. Trademark Registration Number 3291697. *Id.* at ¶ 8. In
12 addition, Milo & Gabby's website and marketing images are protected by valid U.S. copyrights.
13 *Id.* at ¶ 10.

14 Over the past five years, Milo & Gabby has designed, sold, and distributed their products
15 to retailers and e-tailers throughout the United States and internationally. *Id.* at ¶ 11. During this
16 time, Milo & Gabby's animal-themed children's accessories have seen commercial success. *Id.*
17 In 2012, Milo & Gabby entered into an exclusive license arrangement in Asia, and since then the
18 company has made promising gains. *Id.* Milo & Gabby aims to further expand its operations by
19 entering into license agreements throughout North America. *Id.* at ¶ 12. However, Milo & Gabby
20 claims these efforts were halted when Amazon.com allegedly began selling direct knock-off
21 copies of Milo & Gabby's Cozy Companion Products. *Id.* at ¶ 13.

1 Defendant Amazon is a company that operates a widely used internet service retail website at
2 <http://www.amazon.com>. Amazon enables third-party vendors to sell and distribute a variety of
3 products to the public while Amazon “fulfills” the orders through [amazon.com](http://www.amazon.com).¹
4 On October 24, 2013, Plaintiffs Milo & Gabby, LLC and Karen Keller (collectively, “Plaintiffs”)
5 filed the instant lawsuit alleging that Amazon was using Plaintiffs’ intellectual property to
6 wrongfully market, sell, and distribute inferior-quality knockoffs of Plaintiffs’ animal-shaped
7 pillowcases on the [amazon.com](http://www.amazon.com) website.²

8 Amazon filed the instant Motion to Dismiss and moves to dismiss Counts III, V, and VII
9 of Plaintiffs’ Complaint for failure to state a claim pursuant to Fed. R. Civ. P. 12(b)(6). Amazon
10 also moves to dismiss Count I pursuant to Rule 12(b)(6) to the extent that Count I purports to
11 state a claim of patent infringement pursuant to either 35 U.S.C. § 271(b) or (c), or, in the
12 alternative, to strike Plaintiffs’ requests for related injunctive and exceptional relief. Similarly,
13 Amazon requests dismissal of Count II to the extent it purports to state a claim of indirect
14 copyright infringement or, alternatively, to strike Plaintiffs’ request for related injunctive relief.

15 III. DISCUSSION

16 A. Standard of Review

17 In considering a Rule 12(b)(6) motion to dismiss, the Court must determine whether the
18 plaintiff has alleged sufficient facts to state a claim for relief which is “plausible on its face.”

19
20 ¹ FAC System, LLC (“FAC System”) is one such third-party seller. Until recently, FAC System used
Amazon’s retail website [amazon.com](http://www.amazon.com) to offer animal-shaped pillowcases for sale. *See* Dkt. #1 at Ex. C.

21 ²² Amazon urges this court to order that FAC System be joined as a necessary party under Fed. R. Civ. P.
19(a). Amazon contests Plaintiffs’ pursuit of a complaint against Amazon “despite exhibits to the complaint making
clear that the seller of the pillowcases at issue is FAC System.” Dkt. #8, p.3 (*citing* Dkt. # 1, Ex. B at 1 (Screen
capture of allegedly infringing product on [amazon.com](http://www.amazon.com) noting that the product is “[s]old by FAC System LLC and
Fulfilled by Amazon”)). Amazon further argues that FAC should be joined as a necessary party because (1)
complete relief cannot be accorded among the existing parties and (2) FAC System may have a legally protected
interest in the subject of this action. Dkt. #8, n.1 (*citing* *Shermoen v. United States*, 982 F.2d 1312, 1317 (9th Cir.
1992) (discussing standard for joinder under Rule 19(a)); Fed. R. Civ. P. 19(a)(2) (“If a person has not been joined
as required, the court must order that the person be made a party.”)). Plaintiffs failed to address this issue.

1 1 *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1951 (2009) (quoting *Bell Atlantic Corp. v. Twombly*, 550
2 2 U.S. 544, 570 (2007)). A claim is facially plausible if the plaintiff has pled “factual content that
3 3 allows the court to draw the reasonable inference that the defendant is liable for the misconduct
4 4 alleged.” *Id.* (citing *Twombly*, 550 U.S. 556). In making this assessment, the Court accepts all
5 5 facts alleged in the complaint as true, and makes all inferences in the light most favorable to the
6 6 non-moving party. *Baker v. Riverside County Office of Educ.*, 584 F.3d 821, 824 (9th Cir. 2009)
7 7 (internal citations omitted). The Court is not, however, bound to accept the plaintiff’s legal
8 8 conclusions. *Iqbal*, 129 S. Ct. at 1949-50. While detailed factual allegations are not necessary,
9 9 the plaintiff must provide more than “labels and conclusions” or a “formulaic recitation of the
10 10 elements of a cause of action.” *Twombly*, 550 U.S. at 555.

11 Under Fed. R. Civ. P. 12(b)(6), dismissal is proper where there is either a “lack of a
12 cognizable legal theory” or “the absence of sufficient facts alleged under a cognizable legal
13 theory.” *Butler v. Target Corp.*, 323 F. Supp. 2d 1052, 1055 (C.D. Cal. 2004) (quoting *Balistreri*
14 *v. Pacifica Police Dept.*, 901 F.2d 696, 699 (9th Cir. 1990)). The court must (1) construe the
15 complaint in the light most favorable to the plaintiff; (2) accept all well-pleaded factual
16 allegations as true; and (3) determine whether the plaintiff can prove any set of facts to support a
17 claim that would merit relief. *Id.* (citing *Cahill v. Liberty Mut. Ins. Co.*, 80 F.3d 336, 337-38 (9th
18 Cir. 1996)). Further, where a complaint’s state law claims are preempted by federal law, the
19 claims are subject to dismissal under Rule 12(b)(6). *Id.* (citing *Falkowski v. Imation Corp.*, 309
20 F.3d 1123 (9th Cir. 2002)).

21 B. Count III – Unfair Competition

22 Plaintiffs’ complaint alleges Amazon violated Washington’s Consumer Protection Act
23 (“CPA”). Specifically, Plaintiffs’ claim for unfair competition states:

1 Defendant Amazon violated RCW Chapter 19.86 due to its unfair methods
2 of competition and unfair or deceptive acts or practices in the conduct of
3 its trade or commerce. By offering for sale, selling, importing, and
4 distributing actual products that include infringing materials, Amazon is
5 directly liable for its own actions, as set forth above. Amazon has sold,
6 imported, and delivered the Amazon knock-offs to consumers in this
7 district.

8 Dkt. # 1, ¶ 33–34.

9 Amazon challenges Plaintiffs’ unfair competition claim as insufficient under federal
10 pleading requirements. Amazon first argues that paragraph 33 of the unfair competition claim
11 amounts to nothing more than a formulaic and impermissible recitation of the elements of a CPA
12 claim. Dkt. #8 at p. 6. Second, Amazon contends that Plaintiffs’ use of the term “infringing”
13 refers to—and incorporates by reference—Plaintiffs’ two preceding causes of action for patent
14 and copyright infringement. *Id.* Amazon also argues that the phrase “as set forth above”
15 incorporates the first two claims by reference. Because the claim fails to articulate a basis for
16 relief that is distinct from Plaintiffs’ causes of action for patent and copyright infringement,
17 Amazon contends that Plaintiffs’ unfair competition claim is preempted by federal patent and
18 copyright law. *Id.*

19 Washington’s CPA makes unlawful “[u]nfair methods of competition and unfair or
20 deceptive acts or practices in the conduct of any trade or commerce . . .” RCW 19.86.020
21 (2009). To sustain an unfair competition action under the CPA, a plaintiff must demonstrate (1)
22 an unfair or deceptive act or practice (2) occurring in trade or commerce (3) that impacts the
23 public interest (4) causing an injury to the plaintiff’s business or property with (5) a causal link
24 between the unfair or deceptive act and the injury suffered. *Nat’l Products, Inc. v. Gamber-*
Johnson LLC, 699 F. Supp. 2d 1232, 1242 (W.D. Wash. 2010) (citing *Dewitt Const. Inc. v.*
Charter Oak Fire Ins. Co., 307 F.3d 1127, 1132 (9th Cir. 2002)).

1 A CPA claim may be preempted by federal copyright law when the state claim
2 incorporates by reference and merely restates federal patent and copyright claims. *See Litchfield*
3 *v. Spielberg*, 736 F.2d 1352, 1358 (9th Cir. 1984) (holding that because the unfair competition
4 and misrepresentation claims are “restatements of the copyright infringement claims, they are
5 preempted by federal copyright law”); *see also Blue Nile, Inc. v. Ice.com, Inc.*, 478 F. Supp. 2d
6 1240, 1247 (W.D. Wash. 2007) (“Plaintiff cannot both expressly rely on the copyright
7 allegations in all of its state law claims *and* assert that the state law claims are outside copyright's
8 subject matter for purposes of avoiding preemption.”) (emphasis in original). The same
9 reasoning also applies to preemption under patent law. *G.S. Rasmussen & Associates, Inc. v.*
10 *Kalitta Flying Service, Inc.*, 958 F.2d 896, 904 (9th Cir. 1992) (patent law “establishes a zone of
11 preemption broader than that of copyright law: Even if Congress has left an area unprotected, the
12 fact that patent law *could* reach it preempts state-law protection.”) (citing *Sears, Roebuck & Co.*
13 *v. Stiffel Co.*, 376 U.S. 225, 230–32 (1964)); *Compco Corp. v. Day–Brite Lighting, Inc.*, 376 U.S.
14 234, 237–38 (1964).

15 The Ninth Circuit has adopted a two-part test to determine whether a state law claim is
16 preempted by the Copyright Act. The test requires the court to first determine whether the
17 “subject matter” of the state law claim falls within the subject matter of copyright as described in
18 17 U.S.C. §§ 102³ and 103.⁴ Second, if the subject matter prong has been met, the court must
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20 ³ § 102. Subject matter of copyright: In general

21 (a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible
22 medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise
23 communicated, either directly or with the aid of a machine or device. Works of authorship include the following
24 categories:

25 (1) literary works;
26 (2) musical works, including any accompanying words;
27 (3) dramatic works, including any accompanying music;
28 (4) pantomimes and choreographic works;
29 (5) pictorial, graphic, and sculptural works;

1 determine whether the rights asserted under state law are equivalent to the rights contained in 17
2 U.S.C. § 106.⁵ *Laws v. Sony Music Entertainment, Inc.*, 448 F.3d 1134, 1137–38 (9th Cir. 2006);
3 *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1003 (9th Cir. 2001).

4 Here, Plaintiffs seek to protect their photographs for use in marketing. It is undisputed
5 that these photographs are “pictorial works” that can be copyrighted. 17 U.S.C. § 102(a)(5).
6 Thus, the work that Plaintiffs seek to protect falls within the “subject matter” of the Copyright
7 Act, and satisfies the first prong of the preemption test. Whether the CPA claim states equivalent
8 rights as the copyright claim, however, is less clear. As drafted, the CPA claim lacks sufficient
9 factual allegations to state a CPA claim. Because the claim language “as set forth above” is
10 vague, it is unclear whether that language fully incorporates the copyright and patent
11 infringement claims by reference or whether the CPA claim attempts to incorporate factual
12 matter from the factual summary of the Complaint that might otherwise support a viable CPA

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14 (6) motion pictures and other audiovisual works;
15 (7) sound recordings; and
16 (8) architectural works.

17 ⁴ § 103. Subject matter of copyright: Compilations and derivative works

18 (a) The subject matter of copyright as specified by section 102 includes compilations and derivative works,
19 but protection for a work employing preexisting material in which copyright subsists does not extend to any
20 part of the work in which such material has been used unlawfully.

21 (b) The copyright in a compilation or derivative work extends only to the material contributed by the author
22 of such work, as distinguished from the preexisting material employed in the work, and does not imply any
23 exclusive right in the preexisting material. The copyright in such work is independent of, and does not
24 affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the
25 preexisting material.

26 ⁵ § 106. Exclusive rights in copyrighted works

27 Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to
28 authorize any of the following:

29 (1) to reproduce the copyrighted work in copies or phonorecords;
30 (2) to prepare derivative works based upon the copyrighted work;
31 (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of
32 ownership, or by rental, lease, or lending;
33 (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures
34 and other audiovisual works, to perform the copyrighted work publicly;
35 (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic,
36 or sculptural works, including the individual images of a motion picture or other audiovisual work, to
37 display the copyrighted work publicly; and
38 (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio
39 transmission.

1 claim.⁶ At best, the Complaint as a whole is ambiguous and as drafted, Plaintiffs' CPA claim
2 asserts no new or different allegations to distinguish it from Plaintiffs' patent or copyright
3 infringement claims. Therefore, the CPA claim asserts rights indistinguishable from those rights
4 expressly granted, and thus preempted, by the Copyright Act. Accordingly, Count III is
5 dismissed without prejudice.

6 **C. Count V - Right of Publicity**

7 Under RCW 63.60.050, a right of publicity claim accrues when:

8 Any person who uses or authorizes the use of a living or deceased
9 individual's or personality's name, voice, signature, photograph, or
10 likeness, on or in goods, merchandise, or products entered into commerce
11 in this state, or for purposes of advertising products, merchandise, goods,
12 or services, or for purposes of fund-raising or solicitation of donations, or
13 if any person disseminates or publishes such advertisements in this state,
without written or oral, express or implied consent of the owner of the
right, has infringed such right. An infringement may occur under this
section without regard to whether the use or activity is for profit or not for
profit.

14 RCW 63.60.050 (2013).

15 Amazon asks the Court to dismiss Plaintiffs' right of publicity claim for two reasons.

16 First, Amazon argues that Plaintiffs have not pled facts establishing standing to assert the claim.
17 Second, Amazon contends that under the Supremacy Clause of the U.S. Constitution, the
18 Copyright Act expressly preempts Plaintiffs' state law claim because it is based solely on the
19 alleged infringement of copyrighted works—namely, Amazon's reproduction and display of
20 photographs depicting Karen Keller's young children. Dkt. # 8, p. 10.

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24 ⁶ The Court makes no determination at this time as to whether Plaintiffs' factual allegations would be sufficient to survive the preemption analysis. As Amazon notes, to survive preemption, Plaintiffs' CPA claim must contain an "extra element[]" that "makes the rights asserted qualitatively different from the rights protected under the Copyright Act." *Blue Nile*, 478 F. Supp. 2d at 1249 (quotations and citations omitted). Plaintiffs have failed to squarely address this argument in the briefing.

1 1. Standing

2 The Complaint lacks a basis for inferring that Ms. Keller has standing to bring a right to
3 publicity claim on behalf of her children. Plaintiffs contend that the Complaint's allegations of
4 misappropriated images depicting Ms. Keller's "obviously minor" children should be sufficient
5 for purposes of inferring standing. Dkt. # 11, p. 5. The Court disagrees.

6 The rights granted under RCW 63.60.040(3) "may be exercised by a personal
7 representative, attorney-in-fact, parent of a minor child, or guardian, or as authorized by a court
8 of competent jurisdiction." Here, the Complaint offers no factual basis demonstrating Ms.
9 Keller's legal authority to serve as a personal representative for the children at issue.
10 Furthermore, Plaintiffs fail to assert basic essential facts, such as the number of children at issue,
11 their current ages, and when the photos at issue were taken. Accordingly, Plaintiffs' right of
12 publicity claim, as drafted, is insufficient on its face.

13 2. Preemption

14 Amazon contends that even if Plaintiffs' standing defect were cured, Plaintiffs' right of
15 publicity claim is preempted by the Copyright Act. The Complaint alleges that Amazon used
16 "the photograph and/or likeness of Plaintiff Keller's children on goods, merchandise, or
17 products" without authorization. Dkt. # 1, ¶ 20. Here, the essence of Plaintiffs' right of publicity
18 claim is that Amazon reproduced and distributed photographs of the Keller children without
19 authorization to do so.

20 Plaintiffs' right of publicity claim replicates Plaintiffs' copyright infringement claim. Six
21 different photographic images of children with Milo & Gabby pillows are the basis of the right of
22 publicity claim here. The same photos make up the marketing materials that form the basis of
23 Plaintiffs' copyright infringement claim. These photographs of Ms. Keller's children are
24 contained within the subject matter of copyright as "pictoral works." 17 U.S.C. § 102(5).

1 Amazon characterizes Plaintiffs' copyright infringement and right of publicity claims as
2 "duplicative and coextensive." Dkt. # 8, p. 13. Plaintiffs insist that the publicity rights being
3 asserted by Ms. Keller's children are not equivalent to any rights asserted under copyright. Dkt.
4 #11, p. 5. They argue that because the Keller children have no ownership interest in any of the
5 copyrights at issue, their right of publicity claim is altogether exempt from preemption. *Id.*
6 ("[A]ll the intellectual property rights (except the right-of-publicity claims) are owned by Milo &
7 Gabby and/or Ms. Keller. The right of-publicity claims are held by Ms. Keller's children, who do
8 not have any ownership interest in the other intellectual property rights.") In essence, Plaintiffs
9 assert a de-facto non-equivalency argument because "the children's right to publicity claim
10 cannot be equivalent to a claim which they do not have." *Id.* Plaintiffs' argument misses the
11 mark.

12 Plaintiffs rely on *Jules Jordan Video, Inc. v. 144942 Canada Inc.*, 617 F.3d 1146 (9th
13 Cir. 2010), the sole authority cited in Plaintiffs' response brief, for the proposition that a state
14 right of publicity claim can be preempted only where the rights asserted by the plaintiff are
15 equivalent to the exclusive rights held by the copyright owner. Dkt. #11, p. 5. However,
16 Plaintiffs' reliance is misplaced. The Ninth Circuit's decision in *Jules Jordan Video* actually
17 supports Amazon's argument. In *Jules Jordan Video*, an adult movie actor asserted a right-of-
18 publicity claim based on allegations that his "name, likeness, photograph and voice" appeared in
19 counterfeit films without his authorization. 617 F.3d at 1154. The Ninth Circuit found that "[t]he
20 essence of [the actor]'s claim is that the . . . defendants reproduced and distributed the [films]
21 without authorization" and held his claim preempted by the Copyright Act. *Id.* at 1155. Here, the
22 essence of Plaintiff Keller's right of publicity claim is that Amazon reproduced and distributed

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1 photographs of the children without authorization—a claim “under the Copyright Act” and thus
2 preempted by that Act. *Id.*

3 Plaintiffs attempt to distinguish the asserted publicity rights from the copyright claim by
4 arguing that the publicity rights are owned by Ms. Keller’s children, while the copyrights are
5 owned by Milo & Gabby and Ms. Keller. Dkt. #11, p. 5. But Amazon points to *Baltimore*
6 *Orioles, Inc. v. Major League Baseball Players Ass’n*, 805 F.2d 663 (7th Cir. 1986)—which
7 Plaintiffs have made no attempt to distinguish—where it made no difference for the preemption
8 analysis that a baseball club owned the copyrighted telecast encompassing individual players’
9 alleged rights of publicity in their performances shown in the telecast. There, the Seventh Circuit
10 held that the players’ right-of-publicity claims were preempted because the claims fell within the
11 subject matter of copyright and were equivalent to the exclusive 17 U.S.C. § 106 right to
12 distribute the telecast held by the baseball club. *See* 805 F. 2d at 676–78.

13 Here, as in *Baltimore Orioles*, the factual allegations under Plaintiffs’ right of publicity
14 claim fall directly within the scope of federal copyright protection. The Complaint alleges that
15 Amazon misappropriated the Milo & Gabby photographs by reproducing and distributing their
16 copyrighted images without permission. Dkt. #1, ¶ 37–38. Such rights are exclusively reserved to
17 the copyright holder under federal law. 17 U.S.C.A. § 106; *see also Baltimore Orioles*, 805 F.2d
18 at 677–79 (7th Cir. 1986) (rejecting right of publicity claim as preempted by Copyright Act
19 where claim implicated only violation of a copyright holder’s rights to copyrighted subject
20 matter). Thus, Plaintiffs’ right of publicity claim is preempted. Because Plaintiffs’ right of
21 publicity claim is both insufficient on its face and preempted by the Copyright Act, Count V is
22 dismissed without prejudice.

23
24 **D. Count VII - Trademark Counterfeiting**

1 Amazon contends that the trademark counterfeiting claim under 15 U.S.C. § 1114⁷ fails
2 because Plaintiffs have not plausibly alleged either (1) that Amazon reproduced Plaintiffs'
3 registered trademark, and (2) that Amazon intentionally used the mark knowing that it was
4 counterfeit. Dkt. # 12, p. 14–16.

5 As an initial matter, Plaintiffs contend that Amazon's graphic reproduction of Milo &
6 Gabby's registered word and design mark takes matters outside the pleadings and transforms this
7 motion into one for summary judgment. Dkt. # 11, p. 6 (addressing Amazon's reliance on "new
8 evidence" not found in the pleadings "to show that an exact copy of Milo & Gabby's registered
9 trademark does not appear on the exhibits . . . attached to the complaint"). By displaying the
10 mixed word and design mark in Amazon's motion to dismiss, Plaintiffs claim that Amazon is
11 asking the Court to consider new evidence outside the pleadings. *Id.* Plaintiffs argue that, as a
12 consequence, Amazon's motion is not properly presented under Fed. R. Civ. P. 12(b)(6) and
13 must be treated as a motion for summary judgment. *Id.* (citing Fed. R. Civ. P. 12(d)). Plaintiffs
14 request a full and fair opportunity to discover and present all material pertinent to Amazon's
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17 ⁷ Title 15 U.S.C. § 1114(1) states as follows:
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19 (1) Any person who shall, without the consent of the registrant--
20 (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered
mark in connection with the sale, offering for sale, distribution, or advertising of any goods or
services on or in connection with which such use is likely to cause confusion, or to cause mistake,
or to deceive; or
21 (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such
reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers,
receptacles or advertisements intended to be used in commerce upon or in connection with the
sale, offering for sale, distribution, or advertising of goods or services on or in connection with
which such use is likely to cause confusion, or to cause mistake, or to deceive,
22 shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b)
hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been
23 committed with knowledge that such imitation is intended to be used to cause confusion, or to cause
mistake, or to deceive.
24

1 motion, and urge the Court to defer ruling on Amazon’s motion until adequate discovery has
2 been afforded. *Id.* (citing Fed. R. Civ. P. 56(d)).

3 Federal courts have long recognized procedures for considering documents outside the
4 pleadings when ruling on motions to dismiss. District courts may take judicial notice of key
5 documents mentioned in the pleadings where there is no factual dispute about the documents’
6 authenticity or enforceability. Fed. R. Evid. 201(b) (a court “may judicially notice a fact that is
7 not subject to reasonable dispute because it (1) is generally known within the trial court’s
8 territorial jurisdiction; or (2) can be accurately and readily determined from sources whose
9 accuracy cannot reasonably be questioned”). In the Ninth Circuit, district courts may take
10 judicial notice of documents that the pleadings do not mention, provided the documents are
11 integral to the plaintiff’s claims. *See, e.g., Parrino v. FHP, Inc.*, 146 F.3d 699, 706 (9th Cir.
12 1998) (holding that “a district court ruling on a motion to dismiss may consider a document the
13 authenticity of which is not contested, and upon which the plaintiff’s complaint necessarily
14 relies”).

15 It is well settled that documents attached to or incorporated by reference, such as
16 Plaintiffs’ own exhibits to the Complaint, are properly before the Court for consideration on a
17 Rule 12(b)(6) motion. *U.S. v. Ritchie*, 342 F.3d 903, 908 (9th Cir. 2003) (citing *Van Buskirk v.*
18 *CNN*, 284 F.3d 977, 980 (9th Cir. 2002); *Barron v. Reich*, 13 F.3d 1370, 1377 (9th Cir. 1994)).
19 Here, Plaintiffs expressly base their claims on exhibits to the Complaint and have incorporated
20 those exhibits by reference throughout the Complaint. *See* Dkt. #1 at ¶¶ 10, 14, 16, 17-21, 23, 25,
21 26.

22 Further, the Complaint expressly identifies Milo & Gabby’s design mark as “protected by
23 U.S. Trademark Registration Number 3291697.” Dkt. # 1, ¶ 8. Federal Rule of Evidence 201
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1 authorizes this Court to take judicial notice of such admission because it is “not subject to
2 reasonable dispute” in that it is “capable of accurate and ready determination by resort to sources
3 whose accuracy cannot reasonably be questioned.” Fed. R. Evid. 201(b); *Singh v. Ashcroft*, 393
4 F.3d 903, 905 (9th Cir. 2004). Thus, the Court may properly examine the nature and
5 characteristics of the protected mark without converting Defendant’s motion to dismiss into one
6 for summary judgment.

7 The Lanham Act defines a counterfeit mark as a spurious mark that is identical to, or
8 substantially indistinguishable from, a mark that is registered and in use. 15 U.S.C. § 1116
9 (d)(1)(B). Plaintiffs point to Exhibit C and Exhibit D to the Complaint in support of their
10 allegations that Amazon infringed the Milo & Gabby trademark. Dkt. # 1, ¶ 20. Neither exhibit,
11 however, depicts any such use of the Milo & Gabby mark. The photographs attached as Exhibit
12 D display the alleged knock-off products bearing the mark “DOOMAGIC,” but contain no mark
13 bearing even the slightest similarity to Plaintiffs’ registered mark. Similarly, a review of Exhibit
14 B revealed nothing resembling Plaintiffs’ registered mark. The protected mark is equally absent
15 from all other exhibits offered by Plaintiffs to support their allegations of Amazon’s misuse of
16 Milo & Gabby materials.

17 Here, Plaintiffs fail to present plausible factual support for trademark counterfeiting
18 beyond bare recitation of the reproduction element of the claim. As Amazon points out, Plaintiffs
19 cannot sustain a claim for trademark counterfeiting based upon exhibits that do not show any
20 reproduction of Plaintiff’s registered mark. To survive a motion to dismiss, a complaint’s
21 “[f]actual allegations must be enough to raise a right to relief above the speculative level.”
22 *Twombly*, 550 U.S. at 555. The Complaint’s allegations concerning unauthorized use of
23 Plaintiffs’ trademark do not meet this standard.

1 But even if Plaintiffs had presented sufficient factual support for trademark reproduction,
2 Amazon maintains that Plaintiffs' trademark counterfeiting claim would nonetheless fail because
3 it lacks any supporting allegations that Amazon either intentionally used the registered mark
4 knowing it was counterfeit, or was willfully blind to such use. Dkt. # 8, p. 15. Further, Amazon
5 argues that "intent" must be pled with specificity.

6 As to the issue of whether intent must be plead with specificity, Plaintiffs argue that
7 Amazon has confused "fraud or mistake," which must be pled with specificity, with "intent,
8 knowledge, and other conditions of a person's mind," which may be alleged generally. Dkt. # 11
9 (citing Fed. R. Civ. P. 9(b)). Plaintiffs also insist that their trademark counterfeiting claim has
10 been adequately alleged because the Complaint asserts that Amazon violated Plaintiffs'
11 intellectual property rights "with full knowledge of those rights." Dkt. # 1, ¶¶ 16, 17.

12 Here, the bare factual allegations supporting Plaintiffs' trademark counterfeiting claim
13 establish neither counterfeiting nor intent. Rather, Plaintiffs simply provide a formulaic recitation
14 of the elements establishing liability under 15 U.S.C. § 1114.⁸ Plaintiffs have offered no
15 plausible, factual basis for their allegations, and thus supply no more than mere "labels and
16 conclusions." *Twombly*, 550 U.S. at 555. Further, Plaintiffs offer no factual basis to support the
17

18 ⁸ The relevant statutory language provides:

19 (1) Any person who shall, without the consent of the registrant—
20 (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in
connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in
connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
21 (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction,
counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or
advertisements intended to be used in commerce upon or in connection with the sale, offering for sale,
distribution, or advertising of goods or services on or in connection with which such use is likely to
cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for
the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to
recover profits or damages unless the acts have been committed with knowledge that such imitation is
intended to be used to cause confusion, or to cause mistake, or to deceive.

22 15 U.S.C. § 1114 (1)(a)-(b).

1 intent and knowledge element of trademark counterfeiting. Accordingly, Plaintiffs' trademark
2 counterfeiting claim and corresponding remedies are dismissed without prejudice.

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4 **E. Prayer for Relief**

5 Plaintiffs' Prayer for Relief seeks to enjoin Amazon's "infringement, inducement, and
6 contributory infringement." Dkt. #1, ¶ L. Construing the requested relief as a claim for indirect
7 and willful infringement, Amazon urges the Court to dismiss Count I to the extent Plaintiffs are
8 trying to allege induced or contributory patent infringement under 35 U.S.C. § 271(b) and (c).
9 Amazon alternatively asks that the Court strike portions of Plaintiffs' Prayer for Relief based on
10 any claim for induced, contributory, or willful patent infringement. Namely, Amazon requests
11 that the Court strike Prayer paragraphs (C) (seeking enhanced damages), (D) (seeking a finding
12 that case is "exceptional" under 35 U.S.C. § 285), and (L) (seeking injunctive relief related to
13 induced and contributory infringement).

14 Similarly, Amazon seeks dismissal of Count II to the extent Plaintiffs assert indirect
15 copyright infringement. In the alternative, Amazon asks the Court to strike Plaintiffs' request for
16 injunctive relief against indirect copyright infringement.

17 1. Indirect and Willful Patent Infringement

18 A claim for indirect patent infringement requires a plaintiff to plead facts showing the
19 defendant had knowledge of the patents at issue, as well as "knowledge that the induced acts
20 constitute patent infringement." *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2060, 2068
(2011).

21 To state a claim for willful patent infringement, Plaintiffs must provide factual matter to
22 support the conclusion that Amazon had knowledge of the patents-in-suit. *Gustafson, Inc. v.*
23 *Intersystems Indus. Prods., Inc.*, 897 F.3d 508, 511 (Fed. Cir. 1990) ("[A] party cannot be found
24

1 to have ‘willfully’ infringed a patent of which the party had no knowledge.”); *Pacing Techs.,*
2 *LLC v. Garmin Int’l, Inc.*, No. 12-cv-1067, 2013 U.S. Dist. LEXIS 15728, at *10 (S.D. Cal. Feb.
3 5, 2013) (to survive a motion to dismiss willful patent infringement claim, a complaint must
4 plead more than bare allegation of actual knowledge).

5 Amazon contends that Plaintiffs have not pled a single fact supporting indirect or willful
6 patent infringement by Amazon and thus are not entitled to the relief requested as to those causes
7 of action. Dkt. # 8. Plaintiffs, on the other hand, insist they have properly pled their allegations of
8 Amazon’s indirect and willful infringement of their patent rights as alternative theories of
9 recovery under the pleading rules.

10 Rule 8(d)(2) allows a party to “set out 2 or more statements of a claim or defense
11 alternatively or hypothetically, either in a single count or defense or in separate ones.” Fed. R.
12 Civ. P. 8(d)(2). If a party makes alternative statements, “the pleading is sufficient if any one of
13 them is sufficient.” *Id.* However, pursuit of alternate relief does not relieve plaintiffs of their
14 obligation to plead sufficient factual allegations in support of that request. *Garcia v. M-F Athletic*
15 *Co.*, No. 11-2430, 2012 WL 531008, at *2 (E.D. Cal. Feb. 17, 2012) (although plaintiffs are
16 allowed to plead in the alternative, on a motion to dismiss the plaintiff must allege facts that
17 “plausibly suggest an entitlement to relief” (quoting *Iqbal*, 556 U.S. at 680)).

18 Plaintiffs point to paragraphs 13, 16, 17, 18, and 21 of the Complaint to defend against
19 the motion to dismiss. However, those paragraphs contain no factual allegations addressing the
20 requisite elements to support claims for indirect and willful patent infringement, such as
21 Amazons’ knowledge of the patents at issue or Amazon’s inducement of infringement by a third
22 party.

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2. Indirect Copyright Infringement

To state a claim for indirect copyright infringement, a plaintiff must plead facts showing that the defendant caused a third party's infringement or distributed a work with the intent to foster infringement by third parties. *See Flava Works, Inc. v. Clavio*, No. 11 C 05100, 2012 WL 2459146, at *2 (N.D. Ill. June 27, 2012). Here, Plaintiffs make no mention of a third party in their Complaint from which the Court can infer inducement. Furthermore, the Complaint contains no allegations that Amazon directed or influenced any third party to infringe upon the federal copyright or patent rights held by the Plaintiffs.

In sum, Plaintiffs have offered insufficient factual support for their alternate theories of recovery based on indirect or willful patent infringement and indirect copyright infringement. Accordingly, those portions of Plaintiffs' Prayer for Relief are stricken as follows: Paragraph C of the Complaint is STRICKEN IN PART as to the words "and increased or enhanced damages"; Paragraph D of the Complaint is STRICKEN; and Paragraph L of the Complaint is STRICKEN IN PART as to the words "inducement and contributory infringement."

IV. CONCLUSION

Having considered the motion, the response and reply thereto, and the remainder of the record the Court hereby finds and ORDERS:

- (1) Defendant's Motion to Dismiss, In Part (Dkt. # 8) is GRANTED;
- (2) Counts III, V, and VII of the Complaint are dismissed without prejudice and with leave to amend;
- (3) Paragraph C of the Complaint is STRICKEN IN PART as to the words "and increased or enhanced damages";
- (4) Paragraph D of the Complaint is STRICKEN;

1 (5) Paragraph L of the Complaint is STRICKEN IN PART as to the words "inducement
2 and contributory infringement";
3 (6) Plaintiffs are ORDERED to SHOW CAUSE within twenty one (21) days why FAC
4 System, LLC should not be joined as a necessary party. Defendant is permitted to file
5 a response brief within fourteen (14) days of Plaintiffs' Response to Order to Show
6 Cause.

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8 Dated this 11th day of April 2014.

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13 RICARDO S. MARTINEZ
14 UNITED STATES DISTRICT JUDGE
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